

MOUNTAIN VALLEY MD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

MOUNTAIN VALLEY MD INC.
Management's Discussion and Analysis
For the nine month period ended December 31, 2019

Introduction

This management's discussion and analysis ("MD&A") has been prepared as of December 31, 2019 and should be read in conjunction with the consolidated interim financial statements for the nine months ended December 31, 2019 and the audited consolidated financial statements of Mountain Valley MD Inc. (the "Company" or "MVMD") for the year ended March 31, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

The information presented in this Management's Discussion and Analysis ("MD&A") contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") for purposes of applicable securities laws.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives. Such forward-looking statements, including but not limited to those with respect to the Company's future operating and financial results, the Company's competitive and business strategies, the sufficiency of the Company's working capital and its ability to raise future capital, the further development of the Company's business with respect to the acquisition of licences and other assets, competitive conditions of the cannabis industry, changes in the regulatory environment relating to medical and recreational cannabis within Canada and internationally, expansion into international markets and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Date of Report

The information in this report is presented as of March 10, 2020.

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CORPORATE INFORMATION

Mountain Valley MD Inc. ("MVMD" or the "Company"), was incorporated under the laws of the province of Ontario on October 26, 2018. MVMD is a private corporation operating or intending to operate in intending to become a world-class health and wellness organization centred around cannabis derivatives and focused on the creation of industry leading products that are sought out globally.

As at the date of this MD&A, MVMD has three wholly owned subsidiaries, Mountain Valley Medicinals Inc. ("MVM"), a company incorporated under the laws of the province of British Columbia on March 7, 2018, Colverde MD S.A.S., a corporation incorporated under the laws of Colombia February 20, 2018 and MVMD (Colombia) Inc. ("MVMDC"), a corporation incorporated under the laws of the province of Ontario on April 11, 2019. MVM has a wholly owned subsidiary, 0987182 B.C. Ltd. ("098") (formerly Pura Vida Medical Marihuana Incorporation), a company formed under the laws of the Province of British Columbia.

The address of the Company's corporate office and principal place of business is 210 Adelaide Street West, Toronto, Ontario, Canada, M5H 1W7.

BUSINESS OVERVIEW

The Company's proposition is to deliver formulations that have rapid onset, with high bioavailability, with precision dosing technology across various health and wellness categories, including pain management, weight loss, energy, focus, sleep, anxiety, libido and more. Management believes its health and wellness success will be bolstered further through intelligent applications of cannabis-based cannabinoids across its transmucosal delivery product line and other health and wellness products. As such, the Company is also focused on the areas of cultivation, research and development, and manufacturing through strategic acquisitions and partnerships, for the purposes of generating a market-leading portfolio of high quality, vertically-integrated, sustainable cannabis assets.

The Company does not yet have revenues but, since incorporation, MVMD has been making acquisitions, forming agreements and generally taking steps to develop its business with a global view on four main growth pillars: 1) cultivation; 2) processing sciences; 3) delivery sciences; and 4) distribution.

Acquisitions:

On January 10, 2019, MVMD completed the acquisition of 100% of MVM's issued and outstanding shares by way of share exchange, entering into a share exchange agreement (the "SEA") with MVM and its shareholders. MVMD issued 54,206,148 Class "B" common shares to the shareholders of MVM on a 1:1 basis. At the time the terms of the SEA were negotiated, an officer and director of MVM was also a director and officer of MVMD.

MVM was formed for the purpose of acquiring 098. 098 was formed for the purpose of making an application to Health Canada to produce and sell high-quality strains of medical grade cannabis. The application was made on or about June 27, 2014 and remained under review during the time of the acquisition by MVMD of MVM.

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See section entitled "Discussion of Operations" for additional detail about the current status of 098's application.

On January 2, 2019, MVMD entered into a binding letter of intent with Avicanna Inc. ("Avicanna"). Pursuant to the letter of intent, MVMD had agreed to: (i) subscribe for newly issued shares of Sativa Nativa, a corporation formed under the laws of Colombia, of which Avicanna is the majority shareholder, equal to 10% of the then total issued and outstanding shares of Sativa Nativa, for \$2,800,000 in cash; and (ii) MVMD would acquire an additional 15% of the then total issued and outstanding shares of Sativa Nativa from shareholders of Avicanna for \$2,000,000 in cash and \$2,200,000 worth of MVMD Class B common shares. See below for details regarding the completion of the foregoing transaction.

On December 20, 2018, MVMD issued a loan equal to USD \$600,000 (the "CCJC Loan") to CCJC Inc. ("CCJC"), a private Nevada corporation, and, on the same date, entered into a term sheet with CCJC (the "CCJC Term Sheet"), the intention of the parties being that the CCJC Loan be converted into equity in CCJC pursuant to the CCJC Term Sheet. CCJC is the majority shareholder (90%) of a US private corporation (the "Applicant") who has made an application (the "DEA Application") with the U.S. Drug Enforcement Administration ("DEA") to become registered under the Controlled Substances Act (United States) to manufacture marijuana to supply to researchers in the United States (the "DEA Licence"). Pursuant to the terms of the CCJC Term Sheet, MVMD would acquire newly issued shares from CCJC representing 10% of the issued and outstanding shares of CCJC (following issuance) in consideration for USD \$600,000, to be paid by way of conversion of the CCJC Loan. MVMD would acquire an additional 10% from the existing shareholders of CCJC by way of share purchase, in consideration for the issuance of 5,000,000 Class "B" common shares. Further, MVMD would acquire the right to purchase an additional 40% of the issued and outstanding shares for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class "B" common shares. See below for details regarding the completion of the foregoing transaction.

On April 11, 2019, MVMD completed the transaction contemplated in the letter of intent with Avicanna. MVMD entered into a Subscription and Share Purchase Agreement with Sativa Nativa, Avicanna and certain shareholders of Sativa Nativa, resulting in the acquisition by MVMD of an aggregate 25% of the issued and outstanding shares of Sativa Nativa (the "SN Interest"). MVMD acquired 7,892,248 common shares of Sativa Nativa, representing 10% of the issued and outstanding shares of Sativa Nativa (following issuance), for a subscription price of CAD \$2,800,000, and another 26,838,372 common shares of Sativa Nativa from its shareholders other than Avicanna, representing 15% of the issued and outstanding shares of Sativa Nativa, for a purchase price of CAD \$4,200,000 by way of a monetary payment of CAD \$2,000,000 and the issuance of 11,000,000 MVMD Class B Shares.

On May 9, 2019, MVMD acquired 700,000 ordinary shares in the capital stock of Winchester MD Limited ("Winchester"), a private company with its registered office in London, England, representing, as at July 2, 2019, approximately 2.6% of the ordinary shares of Winchester. Winchester is an established, fully-integrated European based medical cannabis company that operates an online store called HempElf and offers over 100 products for sale. MVMD believes that its relationship with Winchester MD will be valuable for European market expansion and supply agreements in the future.

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On June 10, 2019, MVMD entered into a subscription agreement with CCJC to acquire 1,333,333 common shares of CCJC, representing 10% of the issued and outstanding shares of CCJC (following issuance), for an aggregate subscription price of USD \$600,000 (USD \$0.20 per share) by way of conversion of the CCJC Loan. MVMD also entered into share purchase agreements (the "Share Purchase Agreements") with the shareholders of CCJC to acquire an additional 1,333,334 common shares of CCJC, representing an additional 10% of the issued and outstanding shares of CCJC, in consideration for an aggregate purchase price of \$1,000,000 by the issuance of an aggregate 5,000,000 MVMD Class B Shares at a deemed price of \$0.20 per share. Pursuant to the terms of the Share Purchase Agreements, MVMD acquired the right to purchase an additional 40% of the issued and outstanding shares in CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 MVMD Class B Shares on terms to be negotiated in good faith by MVMD and the shareholders of CCJC. There is no expected timeline, or guarantee, with respect to the approval and granting of the DEA Licence.

On October 1, 2019, the Company subscribed for 333,333 ordinary shares of Sixth Wave Innovations Inc. (CSE: SIXW) by way of private placement for a subscription price of \$250,000.

On December 20, 2019, MVMD entered into a intellectual property asset purchase agreement with a private Delaware corporation ("Delaware Privco"), in the business of developing, manufacturing and licensing desiccated liposomes.

- on the closing date (February 10, 2020), the Privco Assets would be sold, transferred and assigned to MVMD or a subsidiary of MVMD;
- compensation would be comprised of an aggregate of:
 - an aggregate cash payment of \$1,000,000;
 - 25,000,000 Class B common shares of MVMD; and
 - 10,000,000 warrants to acquire the same number of Class B common shares of MVMD with, subject to certain specified terms and conditions, each warrant being exercisable for a period of five years at an exercise price of \$0.60 per share subject to forced exercise in the event that MVMD becomes a publicly traded company and its common shares trade on a nationally recognized exchange at \$1 or higher for a period of five trading days, following notice of which they will expire if not exercised within 30 days

Initial compensation was paid as follows:

- an initial payment of \$100,000 (paid on July 11th) comprised of specified third party expenses to be determined and a deposit;
- an amount equal to \$500,000 (\$150,000 paid October 16th) less the deposit and 10,000,000 Class B common shares on the closing date (issued subsequent to period end and subject to an escrow agreement pending delivery of certain post-closing deliverables).

The remaining purchase price is subject to certain post closing deliverables to be delivered at various times within twenty-four (24) months from the closing date, which if any or all are not achieved will reduce the purchase price by an amount equal to that unearned portion of the post closing deliverable as follows:

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- 250,000 and 5,000,000 Class B common shares following the completion of a specified agreement and its assignment to MMVD or a subsidiary of MVMD and thereafter upon receipt of combined licensing fees and royalties in connection therewith equal to a minimum value of \$USD 200,000;
- \$250,000 and 5,000,000 Class B common shares following the completion of a second specified agreement and its assignment to MVMD or a subsidiary of MVMD and thereafter upon receipt of orders equal to a minimum value of \$USD 200,000;
- 2,500,000 Class B common shares upon the achievement of production and sales of the specified product resulting in a minimum net profit of \$50,000; and
- 10,000,000 warrants upon receipt by MVMD or a subsidiary of MVMD of a minimum of \$USD 2,000,000 in gross revenues arising from the assigned assets

On November 4, 2019, the Company entered into a debenture agreement with a Canadian private company for \$100,000. The debenture bears interest at 5% and matures on November 4, 2022.

Upon entering into the debenture agreement, and after a 60-day due diligence period, the Company would be entitled to an exclusive license to distribute proprietary technology for world use on cannabis and hemp plants. Should the Company not wish to proceed with such a license agreement, the Company will be entitled to demand full repayment of the debenture with interest.

The Company will have the right to convert the debenture into equity at any time during the term, upon any additional raise of the private company at a 20% discount.

On November 15, 2019, MVMD entered into a share purchase agreement with Colverde MD, S.A.S., a private company in Colombia ("Colverde") for the purposes of acquiring its assets.

MVMD acquired 100% of the shares of Colverde for a purchase price of \$2,080,000 paid as follows:

- \$130,000 refundable deposit (paid on July 16th); and
- \$1,950,000 in Class B common shares of MVMD at a deemed price equal to \$0.20 per share, being 9,750,000 shares (issued on Dec 23rd)

Colverde is non-operating and its assets are a licence for the cultivation of psychoactive cannabis plants issued on November 23, 2018 by the Ministry of Justice and Law (licence number 1214), a licence for the manufacture of cannabis derivatives issued on September 12, 2018 by the Colombian Ministry of Health and Social Protection (licence number 3836), and a licence for the cultivation of non-psychoactive cannabis plants issued on December 16, 2019 by the Ministry of Justice and Law (licence number 1898), as well as a lease for land located in Tabio, a municipality and town of Colombia in the department of Cundinamarca. Colverde has also made application for registration with the Colombia Agricultural Institute as a producer of certified seed (the "Colverde Application"). All securities issued as payment are subject to escrow until the Colverde Application is approved.

On December 20, 2019, MVMD entered into an Intellectual Property Asset Purchase Agreement (the "IP Asset Purchase Agreement") with a private Delaware corporation and its shareholders ("Delaware Privco") for the acquisition of the certain intellectual property assets primarily related to desiccated liposomes, including

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patents, patent applications, trademarks, trade secrets and know-how (the "IP Assets"). The IP Assets will be acquired over time upon the completion of certain deliverables.

The aggregate purchase price for the IP Assets if all deliverables are completed will be:

- \$1,000,000 (*\$174,656 paid as deposit, \$325,344 paid into escrow on February 10, 2020*)
- \$5,000,000 in Class B common shares of MVMD at a deemed price equal to \$0.20 per share, being 25,000,000 shares (*10,000,000 issued into escrow on February 10, 2020*)
- 10,000,000 share purchase warrants, exercisable at \$0.60

Reverse Takeover/Amalgamation:

On June 28, 2019, the Company entered into an Amalgamation Agreement (the "Amalgamation Agreement") with Meadow Bay Gold Corporation ("Meadow Bay") and 2700915 Ontario Inc. (a wholly-owned subsidiary of Meadow Bay) that provides for the completion of a reverse-takeover by MVMD of Meadow Bay by way of a three-cornered amalgamation (the "Transaction").

The principal terms of the Transaction are as follows:

1. Meadow Bay would complete an 8 for 1 share consolidation (the "Consolidation"), which will reduce the number of Meadow Bay's issued and outstanding common shares from 50,056,229 pre-consolidation common shares to 6,257,029 post-consolidation common shares.
2. Meadow Bay would change its name to "Mountain Valley MD Inc." or as otherwise agreed to by the parties to the Amalgamation Agreement.
3. MVMD, Meadow Bay and 2700915 would complete a triangular amalgamation, wherein MVMD would amalgamate with 2700915 (the "Amalgamation") and as a result of the Amalgamation, Meadow Bay will thereby acquire all of the outstanding shares of MVMD in exchange for common shares of the company resulting from the Amalgamation (the "Resulting Issuer") on a one for one basis (the "Resulting Issuer Shares").

A finder's fee equal to 3% of the Resulting Issuer Shares to be issued to the shareholders of MVMD prior to the Transaction will be paid.

The transaction was completed on February 21, 2020 (see "Subsequent Events").

On July 11, 2019, MVMD subscribed for a convertible debenture of Meadow Bay in the principal amount of \$350,000 (\$350,000 paid) including 350,000 warrants pursuant to the Amalgamation Agreement. The debenture bears interest at 10% per annum which accrues and is payable on the earlier of the conversion date or maturity, matures on July 11, 2023, is secured by a general security agreement, is convertible at the option of MVMD in \$10,000 increments or multiples thereof and is redeemable in certain circumstances by Meadow Bay.

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Financings:

See the section entitled "Liquidity and Capital Resources" for the details regarding financings completed by the Company during the nine month period ended December 31, 2019, to facilitate the Company's business development initiatives.

DISCUSSION OF OPERATIONS

As the Company has not yet generated revenue, below is a summary of MVMD's plan for its current projects, the status of each relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the projects to the next stage(s).

During the nine-month period ended December 31, 2019, the Company continued to focus its efforts on acquiring assets in anticipation of future operations and business development efforts in Colombia, Canada and the United States.

The Company is focused on building a health and wellness organization centred around the implementation of patented oral delivery technologies to create industry leading products that are sought out globally, focusing on delivering formulations that have rapid onset, with high bioavailability, with precision dosing technology.

The Company expects that its related expenditures will continue to grow in the second half of its year ended March 31, 2020 (and into the following year). The terms of the completed and proposed acquisitions to date have largely included share-based consideration but, in addition to cash-based consideration, the Company will begin incurring additional expenses when construction begins, primarily in Colombia, as well as with respect to the continued acquisition and further development of the IP Assets (see section entitled "Business Overview")

Colombia:

On April 11, 2019, MVMD completed its acquisition of the SN Interest (see section entitled "Business Overview").

On November 15, 2019, MVMD entered into a share purchase agreement with Colverde and its shareholders, setting out the terms upon which the Company would acquire all of the issued and outstanding shares of Colverde (the "Colverde Shares"). MVMD completed the transaction on December 23, 2019 (see section entitled "Business Overview").

United States:

On June 10, 2019, MVMD completed the acquisition of 20% of the equity of CCJC (the "CCJC Interest") (see the section entitled "Business Overview" for details). MVMD and the shareholders of CCJC are in the process of determining the terms and conditions upon which MVMD will be entitled to exercise its option to acquire an additional 40% (for an aggregate 60%) of the issued and outstanding shares of CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class "B" common shares. No other expenses are

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anticipated at this time and there is no expected timeline, or guarantee, with respect to the approval and granting of the DEA Licence.

Canada/MVM/098:

MVM, through its wholly owned subsidiary, owns property in or around the City of Nanaimo in the Province of British Columbia (the "Property"). MVM has engaged a third party in evaluating the Property and to assist in determining next steps and timing regarding construction of a facility on the Property.

In May 2019, Health Canada had announced that all new applicants applying for a Cultivation, Processing or Sale for Medical Purposes License would be required to have a fully built site that meets Health Canada requirements at the time of application. MVM would complete its application to Health Canada following the construction of a facility. The Company is working on acquiring additional assets and forming new relationships and partnership/arrangements in addition to its plans to begin construction of its own facilities in Colombia, to support the foregoing growth in Colombia in the area of cultivation as well as the other three (3) growth pillars. In particular, the Company is focused on acquiring the balance of the IP Assets and continuing their development as well as related commercial opportunities.(See the section entitled “Business Overview”).

QUARTERLY FINANCIAL INFORMATION - Consolidated

The following is a summary of the period from incorporation on October 26, 2018 to March 31, 2019 and for the nine month period ended December 31, 2019, which have been derived from the financial statements of the Company. This summary should be read in conjunction with the March 31, 2019 audited consolidated financial statements and the interim consolidated statements of the Company for the same periods.

	Quarter ended:				
	Q3 Dec 31, 2019	Q2 Sep 30, 2019	Q1 Jun 30, 2019	Q4 Mar 31, 2019	Q3 Dec 31, 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net earnings (loss)	(882,752)	(510,384)	(365,952)	(868,026)	(29,006)
Basic and diluted earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Cash and cash equivalents	3,441,430	4,119,288	4,680,989	9,086,662	223,153
Working Capital	2,591,743	3,884,646	4,245,963	9,563,946	186,462
Total Assets	17,050,541	4,493,760	15,200,743	11,488,283	223,153
Non-current financial liabilities	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil

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LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had cash of \$3,441,430 and working capital of \$2,591,743.

Totals assets on December 31, 2019 were \$17,050,541.

To support its business development initiatives to date, including the completed acquisitions (see sections entitled "Business Overview" and "Subsequent Events"), MVMD has completed the following financings:

On December 7, 2018, MVMD issued 45,000,000 Class "A" Common Shares as a private issuer at a price of \$0.005 per share, for aggregate gross proceeds of \$225,000.

On December 21, 2018, MVMD completed a private placement offering of Class "A" Common Shares as a private issuer at a price of \$0.02 per share, for aggregate gross proceeds of \$512,500 by the issuance of 25,625,000 Class "A" Common Shares.

On January 9, 2019, MVMD completed a private placement offering of Class "B" (non-voting) Common Shares as a private issuer at a price of \$0.05 per share, for aggregate gross proceeds of \$613,000 by the issuance of 12,260,000 Class "B" Common Shares.

On January 15, 2019, MVMD began to offer (the "January Offering") units of MVMD (for the purposes of this paragraph, the "First Units") on a private placement basis at a subscription price of \$0.20 per First Unit. Each First Unit was comprised of one Class "B" (non-voting) Common Share and one share purchase warrant (for the purposes of this paragraph, each a "First Warrant", collectively the "First Warrants") to acquire one MVMD Class B Share at an exercise price of \$0.35 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "First Warrant Expiry Date"), subject to forced acceleration of the First Warrant Expiry Date in the event that MVMD completes a going public transaction (such as the Transaction) (the "Going Public Liquidity Event") and thereafter the common shares of the reporting issuer trade at \$0.50 or higher for at least three (3) consecutive trading days, whereby MVMD (or the Resulting Issuer following the completion of the Transaction) may, at its option, accelerate the First Warrant Expiry Date by giving notice to the holder thereof and in such case the First Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event (such as the Transaction), the holders of the First Units will not be able to trade the MVMD Class B Shares (or First Warrants or underlying MVMD Class B Shares comprising the First Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. MVMD relied on exemptions from prospectus requirements under National Instrument 45-106 ("NI 45-106"), including execution 2.9 (the offering memorandum exemption). As set out below, the January Offering closed over four (4) tranches on February 21, March 8, March 18th, and June 5th, 2019, for gross proceeds of \$9,980,831.78 by the issuance of 49,904,159 First Units at a price of \$0.20 per First Unit.

On February 21, 2019, MVMD issued 38,388,910 MVMD Class B Shares at \$0.20 per share for gross proceeds of \$7,677,782 and 38,388,910 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per MVMD Class B Share and expire two years from the grant date subject to acceleration provisions.

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On March 8, 2019, MVMD issued 4,114,537 MVMD Class B Shares at \$0.20 per share for gross proceeds of \$822,907 and 4,114,537 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per MVMD Class B Share and expire two years from the grant date subject to acceleration provisions.

On March 18, 2019, MVMD issued 3,098,212 MVMD Class B Shares at \$0.20 per share for gross proceeds of \$619,642 and 3,098,212 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per MVMD Class B Share and expire two years from the grant date subject to acceleration provisions.

On June 5, 2019, MVMD issued 4,302,500 MVMD Class B Shares at \$0.20 per share for gross proceeds of \$860,500 and 4,302,500 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per MVMD Class B Share and expire two years from the grant date subject to acceleration provisions.

On July 29, 2019, MVMD began to offer (the "July Offering") units of MVMD (for the purposes of this paragraph, the "Units") on a private placement basis at a subscription price of \$0.40 per Unit. Each Unit will be comprised of one Class "B" common share and one-half of one share purchase warrant (for the purposes of this paragraph, each full warrant a "Warrant", collectively the "Warrants"), each full Warrant entitling the holder to acquire one Class "B" common share at an exercise price of \$0.60 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "Warrant Expiry Date"), subject to forced acceleration of the Warrant Expiry Date in the event that MVMD completes a going public transaction (such as the amalgamation transaction with MBGC) (the "Going Public Liquidity Event") and thereafter the common shares of the reporting issuer trade at \$0.90 or higher for at least three (3) consecutive trading days, whereby MVMD (or the resulting issuer) may, at its option, accelerate the Warrant Expiry Date by giving notice to the holder thereof and in such case the Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event, the holders of the Units will not be able to trade the Class "B" Common Shares (or Warrants or underlying Class "B" common shares comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. From July to December 31, 2019, the Company received subscriptions totalling \$509,967 relating to an offering of units at \$0.40 per unit, each unit consisting of one Class "B" common share and one half of one share purchase warrant, each warrant exercisable at \$0.60 per Class B common share for 2 years from the issuance date, subject to acceleration provisions. *(The July Offering was completed in one tranche on January 24, 2020. MVMD issued 2,616,793 MVMD Class B Shares at \$0.40 per share for gross proceeds of \$1,046,717 and 1,308,397 Class B common share purchase warrants.)*

Where possible and reasonable to date, the Company has opted to pay for services and assets by the issuance of securities, in whole or in part, in an effort to conserve cash required for development and operations. For example:

On July 3, 2019, the Company issued 773,000 Class B common shares pursuant to shares-for-services agreements. Of this amount, 360,000 shares were in respect of \$72,000 included in accounts payable and accrued liabilities as at March 31, 2019.

On September 27, 2019, the Company issued 87,500 Class B common shares at \$0.20 per share to various individuals for accounts payable and issued 775,000 Class B common shares pursuant to shares-for-services agreements to a company owned and/or controlled by the President and CEO of the Company.

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OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the board of directors, executive officers, key operational management personnel, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. MVMD’s key operational management personnel are comprised of the President and Chief Executive Officer of MVMD and the President of MVM.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence was \$504,093 during the nine-month period ended December 31, 2019.

<u>Period ended December 31</u>	<u>2019</u>
	\$
Consulting fees	444,893
Business development and travel	59,200
	<u>504,093</u>

The fees charged by the related parties are in the normal course of operations and are measured at the exchange amount which is amount of consideration established and agreed to by the related parties. An aggregate 1,150,000 Class B common shares were issued to a corporation controlled by the President and CEO of the Company in lieu of fees payable in cash in accordance with the consulting agreement.

Included in accounts payable and accrued liabilities as at December 31, 2019, was \$230,000 owing to related parties. The payment terms are similar to the payment terms of non-related party trade payables.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to Note 3 in the December 31, 2019 interim consolidated financial statements of the Company for information on accounting policies.

FINANCIAL INSTRUMENTS

For a detailed description of financial instruments and their associated risks, see note 3 to the Company’s interim consolidated financial statements for the period ended December 31, 2019.

OUTSTANDING SHARE DATA

As at the date of the MD&A, the following securities were outstanding:

Common shares (issued to Meadow Bay pursuant to the Transaction): 229,547,800 (see the section entitled “Business Overview – Reverse Takeover/Amalgamation)

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For the nine month period ended December 31, 2019

Warrants (exercisable into common shares of the Resulting Issuer pursuant to the Transaction): 51,212,556 (see the sections entitled "Business Overview – Reverse Takeover/Amalgamation" and "Liquidity and Capital Resources" for exercise details)

Stock options: 8,288,500, exercisable at \$0.05 for a period of 5 years from the date upon which the Company completes a going public transaction (such as the Transaction).

SUBSEQUENT EVENTS

Subsequent to period end, the Company completed a private placement offering of units at \$0.40 per unit for gross proceeds of \$1,046,717, each unit consisting of one Class "B" common share and one half of one share purchase warrant, each warrant exercisable at \$0.60 per Class B common share for 2 years from the issuance date, subject to acceleration provisions

On February 10, 2020, the Company issued 2,400,000 shares at a deemed per share price of \$0.20 to a Canadian corporation as a finders fee in connection with the purchase of the IP Assets from Delaware Privco (see section entitled "Business Overview").

On February 21, 2020, the Company completed a reverse takeover transaction (the "Transaction") with Meadow Bay and its wholly-owned subsidiary ("Subco") (see section entitled "Business Overview – Reverse Takeover/Amalgamation") by way of three-cornered amalgamation. Pursuant to the terms of the Amalgamation Agreement, the Company amalgamated with Subco and Meadow Bay acquired all of the outstanding securities of the Company such that the Company became a wholly owned subsidiary of Meadow Bay. As part of the Transaction and immediately prior to the amalgamation, Meadow Bay changed its name to "Mountain Valley MD Holdings Inc." ("MVMDH") and consolidated the common shares of MVMDH, on the basis of one (1) post-consolidation common share for every eight (8) pre-consolidation common shares. An aggregate of 229,547,800 Shares were issued to the former shareholders of the Company in consideration for the same number of shares of MVMDH.

On March 4, 2020, the Company signed a three (3) year lease agreement for office premises in Vaughan, Ontario. The rental term begins June 1 and payments consist of \$3,611 per month in year one (1) increasing to \$3,750 per month in year three (3).

The Company paid a deposit of \$19,057 in relation to the lease agreement.